

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

1A

**WS-01025A**

**Ajo Improvement Company – Sewer Division**

**P.O. Drawer 9**

**Ajo, AZ 85321**

RECEIVED

AZ CORP COMM  
Director Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2006
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FOR COMMISSION USE

ANN05	06
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5-1-07

## COMPANY INFORMATION

Company Name (Business Name) <u>Ajo Improvement Company</u>		
Mailing Address <u>P. O. Drawer 9</u> (Street)		
<u>Ajo</u> (City)	<u>AZ</u> (State)	<u>85321</u> (Zip)
<u>(520) 387 7151</u> Telephone No. (Include Area Code)	<u>(520) 387 - 7627</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>(same as above)</u> (Street)		
 (City)	 (State)	 (Zip)
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)
Email Address _____		

## MANAGEMENT INFORMATION

Management Contact: _____			
<u>Bill Rech</u> (Name)		<u>President</u> (Title)	
<u>One North Central Avenue</u> (Street)	<u>Phoenix</u> (City)	<u>AZ</u> (State)	<u>85004</u> (Zip)
<u>(602) 366 - 8100</u> Telephone No. (Include Area Code)	<u>(602) 366 - 7135</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
On Site Manager: _____			
<u>Raymond Romero</u> (Name)			
<u>P. O. Drawer 9</u> (Street)	<u>Ajo</u> (City)	<u>AZ</u> (State)	<u>85321</u> (Zip)
<u>(520) 387 - 7151</u> Telephone No. (Include Area Code)	<u>(520) 387 - 7627</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** C T Corp  
(Name)

2394 E. Camelback Rd. Phoenix AZ 85016  
(Street) (City) (State) (Zip)

(602) 277 - 4792    
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

**Attorney:** S. David Colton  
(Name)

One North Central Avenue Phoenix AZ 85004  
(Street) (City) (State) (Zip)

(602) 366 - 8143 (602) 366 - 6321   
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

**OWNERSHIP INFORMATION**

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

**COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |  |                                   |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE         | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM          | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA        | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI         | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |  |                                   |

**COMPANY NAME**      **Ajo Improvement Company – Sewer Division**

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force	150,376	150,376	0
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers	65,920	65,920	0
364	Flow Measuring Devices	23,744	23,744	0
365	Flow Measuring Installations			
370	Receiving Wells	231,086	61,086	170,000
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment	19,444	19,444	0
390	Office Furniture and Equipment	1,348	1,348	0
391	Transportation Equipment	11,252	11,252	0
393	Tools, Shop and Garage Equip.	30,284	13,536	16,748
394	Laboratory Equipment			
395	Power Operated Equipment	22,531	22,531	0
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>556,015</b>	<b>369,237</b>	

This amount goes on the Balance Sheet Acct. No. 108 

**COMPANY NAME**      **Ajo Improvement Company – Sewer Division**

**CALCULATION OF DEPRECIATION EXPENSE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (1)</b>	<b>Depreciation Percentage (2)</b>	<b>Depreciation Expense (1x2)</b>
351	Organization			
352	Franchises			
353	Land and Land Rights			
354	Structures and Improvements			
355	Power Generation Equipment			
360	Collection Sewers – Force	150,376	0	0
361	Collection Sewers – Gravity			
362	Special Collecting Structures			
363	Services to Customers	65,920	0	0
364	Flow Measuring Devices	23,744	0	0
365	Flow Measuring Installations			
370	Receiving Wells	231,086	2.8851	6,667
380	Treatment and Disposal Equip.			
381	Plant Sewers			
382	Outfall Sewer Lines			
389	Other Plant and Misc. Equipment	19,444	0	0
390	Office Furniture and Equipment	1,348	0	0
391	Transportation Equipment	11,252	0	0
393	Tools, Shop and Garage Equip.	30,284	34.5991	10,478
394	Laboratory Equipment			
395	Power Operated Equipment	22,531	0	0
398	Other Tangible Plant			
	<b>TOTALS</b>	<b>556,015</b>		<b>17,145</b>

This amount goes on the Comparative Statement of Income and Expense Acct. 403

<b>COMPANY NAME</b>	<b>Ajo Improvement Company – Sewer Division</b>
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**BALANCE SHEET**

Acct No.	ASSETS	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	36,673	1,089,408
132	Special Deposits		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	298,722	298,993
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	54,929	56,402
162	Prepayments	6,167	6,367
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	<b>396,491</b>	<b>1,451,169</b>
	Long-term Non Recurring Receivable - Other	<b>650,441</b>	<b>567,860</b>
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	3,756,726	3,753,367
103	Property Held for Future Use		
105	Construction Work in Progress	437,471	1,397,333
108	Accumulated Depreciation – Utility Plant	(2,534,327)	(2,604,646)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	<b>1,659,869</b>	<b>2,546,054</b>
	Deferred Charges	<b>30,000</b>	<b>15,000</b>
	<b>TOTAL ASSETS</b>	<b>2,736,801</b>	<b>4,580,083</b>

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

\* All amounts represent the three departments: electric, water and sewer

<b>COMPANY NAME</b>	<b>Ajo Improvement Company – Sewer Division</b>
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**BALANCE SHEET (CONTINUED)**

Acct No.	LIABILITIES	BALANCE AT BEGINNING OF TEST YEAR	BALANCE AT END OF YEAR
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	3,109,293	7,283,995
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	30,857	27,682
235	Customer Deposits		
236	Accrued Taxes	76,669	65,288
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	<b>3,216,819</b>	<b>7,376,965</b>
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	311,963	311,963
	<b>DEFERRED CREDITS</b>		
252	Advances in Aid of Construction		
253	Other Deferred Credits		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	<b>-0-</b>	<b>-0-</b>
	<b>TOTAL LIABILITIES</b>	<b>3,528,782</b>	<b>7,688,928</b>
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	392,000	392,000
211	Other Paid in Capital	3,144,546	3,144,546
215	Retained Earnings	(4,328,527)	(6,645,390)
218	Proprietary Capital (Sole Props and Partnerships)	-0-	-0-
	<b>TOTAL CAPITAL</b>	<b>(791,981)</b>	<b>(3,108,844)</b>
	<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>2,736,801</b>	<b>4,580,083</b>

\* All amounts represent the three departments: electric, water and sewer

<b>COMPANY NAME</b>	<b>Ajo Improvement Company – Sewer Division</b>
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**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR 2005	CURRENT YEAR 2006
521	Flat Rate Revenues	136,824	135,596
522	Measured Revenues		
536	Other Wastewater Revenues		
	<b>TOTAL REVENUES</b>	<b>136,824</b>	<b>135,596</b>
	<b>OPERATING EXPENSES</b>		
701	Salaries and Wages	58,453	51,678
710	Purchased Wastewater Treatment		
711	Sludge Removal Expense		
715	Purchased Power	254	535
716	Fuel for Power Production		
718	Chemicals		
720	Materials and Supplies	13,724	13,158
731	Contractual Services – Professional	18,325	31,416
735	Contractual Services – Testing	0	0
736	Contractual Services – Other	0	0
740	Rents	16,384	15,327
750	Transportation Expense		
755	Insurance Expense		
765	Regulatory Commission Expense		
775*	Miscellaneous Expense	255,017	945,423
403	Depreciation Expense	9,919	17,145
408	Taxes Other Than Income	11,852	351
408.11	Property Taxes	4,924	3,173
409	Income Taxes		
	<b>TOTAL OPERATING EXPENSES</b>	<b>388,852</b>	<b>1,114,926</b>
	<b>OTHER INCOME/EXPENSE</b>		
419	Interest and Dividend Income		
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	10,400	10,400
	<b>TOTAL OTHER INCOME/EXPENSE</b>	<b>10,400</b>	<b>10,400</b>
	<b>NET INCOME/(LOSS)</b>	<b>(262,428)</b>	<b>(989,730)</b>

*721 Office Supplies.....	\$4,637	\$12,445
*730 Outside Services.....	\$227,765	\$908,859
*758 Health & Life Insurance.....	\$33,239	\$26,370
*775 Misc. Expense.....	\$(10,624)	\$(2,251)
.....	\$255,017	\$945,423



<b>COMPANY NAME</b>	<b>Ajo Improvement Company – Sewer Division</b>
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**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	10/10/1985			
Source of Loan	Promissory Note			
ACC Decision No.	54709			
Reason for Loan	To fund facilities acquired or to be acquired from Phelps Dodge			
Dollar Amount Issued	\$311,963	\$	\$	\$
Amount Outstanding	\$311,963	\$	\$	\$
Date of Maturity	12/31/08			
Interest Rate	10%	%	%	%
Current Year Interest	\$31,200	\$	\$	\$
Current Year Principle	\$0	\$	\$	\$

\* All amounts represent the three departments: electric, water and sewer

<b>COMPANY NAME</b>	<b>Ajo Improvement Company – Sewer Division</b>
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## WASTEWATER COMPANY PLANT DESCRIPTION

### TREATMENT FACILITY

<b>TYPE OF TREATMENT</b> (Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.)	Anaerobic Lagoon
<b>DESIGN CAPACITY OF PLANT</b> (Gallons Per Day)	400,000 +/-

### **LIFT STATION FACILITIES**

Location	Quantity of Pumps	Horsepower Per Pump	Capacity Per Pump (GPM)	Wet Well Capacity (gals)
11 <sup>th</sup> Street	2	7.5	125	47,000

### FORCE MAINS

Size	Material	Length (Feet)
4-inch	Steel	2,000
6-inch	N/A	

### MANHOLES

Type	Quantity
Standard	232
Drop	N/A

### CLEANOUTS

Quantity
None

<b>COMPANY NAME</b>	<b>Ajo Improvement Company – Sewer Division</b>
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**WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**COLLECTION MAINS**

<b>Size (in inches)</b>	<b>Material</b>	<b>Length (in feet)</b>
4	Clay Tile / Cement ASBES	3,200 / 2,100
6	Clay Tile	25,200
8	Cement ASBES / Clay Tile	36,900 / 400
10	Cement ASBES / Clay Tile	9,300 / 1,000
12	Clay Tile / Cement ASBES	2,800 / 800
15		
18		
21		
24		
30		
	<b>Total</b>	<b>85,300</b>

**SERVICES**

<b>Size (in inches)</b>	<b>Material</b>	<b>Quantity</b>
4	Red Clay & Transit	1,200
6		
8		
12		
15		

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY**

<b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>	Waste Water Treatment Plant
<b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)	N/A
<b>FILTRATION EQUIPMENT</b> (Rapid Sand, Slow Sand, Activated Carbon, Etc.)	N/A
<b>STRUCTURES</b> (Buildings, Fences, Etc.)	6' Chain Link Enclosure
<b>OTHER</b> (Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.)	One 3-phase 240V – 480 Portable Unit

COMPANY NAME

Ajo Improvement Company – Sewer Division

**WASTEWATER FLOWS**

<b>MONTH/YEAR (Most Recent 12 Months)</b>	<b>NUMBER OF SERVICES</b>	<b>TOTAL MONTHLY SEWAGE FLOW</b>	<b>SEWAGE FLOW ON PEAK DAY</b>
Jan	1,084	4,480,000	188,000
Feb	1,085	4,190,000	188,000
Mar	1,096	5,060,000	188,000
Apr	1,092	4,110,000	188,000
May	1,083	7,340,000	401,000
Jun	1,064	5,460,000	343,000
Jul	1,061	6,200,000	401,000
Aug	1,073	8,530,000	343,000
Sep	1,063	7,700,000	288,000
Oct	1,066	6,920,000	288,000
Nov	1,057	5,330,000	288,000
Dec	1,071	5,730,000	288,000

**PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE**

<b>Method of Effluent Disposal</b> (leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.)	Evaporation Pond
<b>Wastewater Inventory Number</b> (all wastewater systems are assigned an inventory number)	101,678
<b>Groundwater Permit Number</b>	N/A
<b>ADEQ Aquifer Protection Permit Number</b>	101,678
<b>ADEQ Reuse Permit Number</b>	N/A
<b>EPA NPDES Permit Number</b>	40-100

## STATISTICAL INFORMATION

Total number of customers 1,071

Total number of gallons treated Unknown gallons

COMPANY NAME

Ajo Improvement Company

YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported

Ajo Improvement Company consolidates with

Estimated or Actual Federal Tax Liability

its parent company Phelps Dodge Corporation

State Taxable Income Reported

Same as above

Estimated or Actual State Tax Liability

\_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances

N/A

Amount of Gross-Up Tax Collected

N/A

Total Grossed-Up Contributions/Advances

N/A

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

R. Mesa for B. Rech

SIGNATURE

4/27/07

DATE

William D. Rech

President

PRINTED NAME

TITLE

COMPANY NAME

Ajo Improvement Company

YEAR ENDING 12/31/2006

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 3,172.97

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

RECEIVED

VERIFICATION  
AND  
SWORN STATEMENT  
Taxes

✓ CORP COMM  
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	PIMA
NAME (OWNER OR OFFICIAL) TITLE	Bill Rech, President
COMPANY NAME	Ajo Improvement Company

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

*R. Mesa y B. Rech*  
SIGNATURE OF OWNER OR OFFICIAL

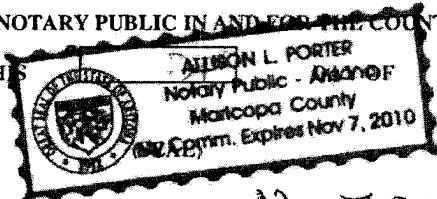
(602) 366-8100

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



MY COMMISSION EXPIRES Nov 7, 2010

COUNTY NAME	Maricopa
MONTH	April
	2007

*Allison L. Porter*  
SIGNATURE OF NOTARY PUBLIC



RECEIVED

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

12 CORP COMM  
Director Utilities

**VERIFICATION**STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<b>PIMA</b>
NAME (OWNER OR OFFICIAL) TITLE
<b>Bill Rech, President</b>
COMPANY NAME
<b>Ajo Improvement Company</b>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 135,596

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 17  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST  
INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

*R. Rech for B. Rech.*

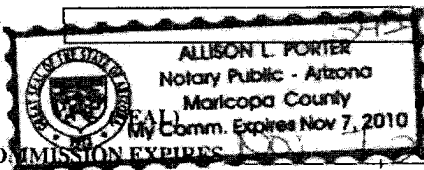
SIGNATURE OF OWNER OR OFFICIAL  
(602) 366-8100

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS \_\_\_\_\_ DAY OF



MY COMMISSION EXPIRES

COUNTY NAME	<u>Maricopa</u>
MONTH	<u>April</u> 2007
<i>Allison L. Porter</i>	
SIGNATURE OF NOTARY PUBLIC	

RECEIVED

VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY

CHP COMM  
Factor Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED  
  
OF THE

COUNTY OF (COUNTY NAME)	PIMA		
NAME (OWNER OR OFFICIAL)	BILL RECH	TITLE	PRESIDENT
COMPANY NAME	AJO IMPROVEMENT COMPANY		

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>111,526</u>

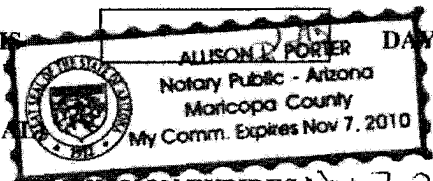
(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 17  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X R. Meen for B. Rech.  
SIGNATURE OF OWNER OR OFFICIAL  
(602) 366-8100  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME  
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS \_\_\_\_\_ DAY OF

(SEAL)  MY COMMISSION EXPIRES Nov 7, 2010

NOTARY PUBLIC NAME	Allison L. Porter		
COUNTY NAME	Maricopa		
MONTH	April	YEAR	2007

X Allison L. Porter  
SIGNATURE OF NOTARY PUBLIC